



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 27, 1997

Mr. Paul A. Alessi, Jr.
2067 Townline Road
Alden, New York 14004-9613

Dear Mr. Alessi:

This is in response to your request that the Board reconsider its approval of the proposal by Marine Midland Bank, Buffalo ("Marine Bank"), to acquire First Federal Savings and Loan Association of Rochester, Rochester ("First Federal"), both of New York.^{1/} You continue to reiterate your contentions that the Buffalo, New York, banking market needs an institution like First Federal, and that the merger with Marine Bank will result in a loss of affordable banking services and products through lack of competition. You also request that the Board require Marine Bank to provide a plan to address these issues.

The Marine Bank Order carefully reviewed all the issues presented by the facts of record, including your comments, in light of the factors required to be considered by the Board under the Bank Holding Company Act and the Federal Reserve Act. These factors included the competitive effects of the proposal on all relevant banking markets and the effect of the proposal on the convenience and needs of the community to be served.

^{1/} HSBC Holdings PLC, HSBC Holdings BV, and HSBC Americas, Inc., 83 Federal Reserve Bulletin ____ (Order dated February 3, 1997) ("Marine Bank Order"). The Board approved the following notice and applications: (1) notice filed by HSBC Holdings PLC, London, United Kingdom, HSBC Holdings BV, Amsterdam, The Netherlands, and HSBC Americas, Inc., Buffalo, New York ("HSAI"), to acquire CTUS, Inc., Wilmington, Delaware, and its wholly owned subsidiary, First Federal; (2) the application by Marine Bank, a wholly owned subsidiary of HSAI, to merge First Federal with and into Marine Bank; and (3) the application by Marine Bank to establish branches.

For the reasons discussed in detail in the Marine Bank Order, the Board concluded that the proposal would not have a significantly adverse effect on competition, including competition in the Buffalo, New York, banking market. The Board also reviewed a number of facts related to convenience and needs considerations, including the new services that would be available to communities currently served by First Federal as a result of the proposal, the satisfactory performance record of Marine Bank under the Community Reinvestment Act of 1977 (12 U.S.C. 2901 et seq.) ("CRA"), and the full range of banking services, including several no-cost or low-cost account products with low minimum balance requirements, provided by Marine Bank. The Board also noted that the CRA requires the federal banking agencies to encourage depository institutions to help meet the credit needs of the community but does not establish a statutory preference for, nor require the provision of, any specific types of credit or service. In addition, the Board concluded that the CRA does not impose any limitation on fees or surcharges that can be charged for services, and that the record contained no evidence of fees charged by Marine Bank that were discriminatory or based on any factor that would be prohibited by law.

The Board's Rules of Procedure require that a request for reconsideration "present relevant facts that for good cause shown, were not previously presented to the Board" as required by the Board's Rules of Procedure. 12 C.F.R. 262.3(k). For the reasons discussed above, your request disagrees with the weight accorded all the facts of record and does not present new facts that were not previously presented to the Board for good cause shown.

Your requests have been presented to the members of the Board to give them an opportunity to determine whether they warrant reconsideration or modification of the order or a different finding under the statutory factors that the Board is required to consider under the Bank Holding Company Act or the Federal Reserve Act. For all the reasons discussed above and in the Marine

Bank Order, and based on all the facts of record, no member of the Board has requested that the Board's action be reconsidered or modified in any manner. Accordingly, your requests are hereby denied.

Very truly yours,

A handwritten signature in black ink, reading "Jennifer J. Johnson". The signature is written in a cursive style with a long horizontal flourish at the end.

Jennifer J. Johnson
Deputy Secretary of the Board

cc: Federal Reserve Bank of New York
Mr. John Holinka, Marine Midland Bank